

§ 49.4253-5

26 CFR Ch. I (4-1-04 Edition)

EXEMPTION CERTIFICATE

(Overseas Telephone Calls)

(Date) _____ 19__

I certify that the toll charges of \$ _____
are for telephone or radio telephone mes-
sages originating at _____
(Point of origin)

within a combat zone from _____
(Name)

a member of the Armed Forces of the United
States performing service in such combat
zone; that the transmission facilities were
furnished by _____ (Name of
carrier); and that the charges are exempt
from tax under section 4253(d) of the Internal
Revenue Code.

(Signature of subscriber)

(Address)

NOTE: Penalty for fraudulent use, \$10,000 or
imprisonment or both.

(2) See § 49.4253-11 for further provi-
sions relating to exemption certifi-
cates.

**§ 49.4253-5 Exemption for items other-
wise taxed.**

A dispatch, message, or conversation
transmitted by toll telephone, tele-
graph, or teletypewriter exchange over
the combined facilities of several lines
or stations of one or more persons is
considered to be one dispatch, message,
or conversation, and is subject to only
one payment of tax under section 4251.

**§ 49.4253-6 Exemption for common
carriers and communications com-
panies.**

(a) *In general.* (1) The taxes imposed
by section 4251 on amounts paid for
wire mileage service and wire and
equipment service do not apply to
amounts paid for any such services to
the extent that the amounts paid are
for services utilized by a common car-
rier, telephone or telegraph company,
or television or radio broadcasting sta-
tion or network in the conduct of its
business as such.

(2) The tax imposed by section 4251
on amounts paid for general telephone
service does not apply to amounts paid
for the use of a continuous telephone
or radio telephone line or channel to
the extent that the amounts paid are
for use by a common carrier, telephone
or telegraph company, or television or

radio broadcasting station or network
in the conduct of its business as such,
if such line or channel connects sta-
tions between any two of which there
would otherwise be a toll charge. A line
or channel connects stations between
which there would otherwise be a toll
charge if the telephone company
makes a toll charge for a single mes-
sage transmitted between the two sta-
tions in the case of the ordinary resi-
dential and business or commercial
telephone service. A line or channel
connecting two stations is considered a
continuous line or channel if such line
or channel does not connect with any
switchboard interposed between the
two stations, which makes it possible
to carry on two or more independent
conversations simultaneously. Where a
line or channel connects with such a
switchboard, the exemption is inappli-
cable to so much of the amount paid as
is attributable to the portion of the
line or channel which extends from a
station to a switchboard located in the
same local service area.

(b) *Exemption inapplicable.* This par-
ticular exemption is not applicable in
the case of the taxes imposed on
amounts paid for other services by sec-
tion 4251, even though such services are
utilized by the companies described in
the conduct of their business as such.

**§ 49.4253-7 Exemption for installation
charges.**

(a) *In general.* The taxes imposed by
section 4251 do not apply to any
amount paid as is properly attributable
to the installation of any instrument,
wire, pole, switchboard, apparatus, or
equipment.

(b) *Maintenance charges subject to tax.*
The exemption provided by section
4253(g) and paragraph (a) of this section
is applicable only to amounts paid for
installation. Amounts paid for the re-
pair or replacement of instruments,
wires, poles, switchboards, apparatus,
or equipment, incidental to ordinary
maintenance, are subject to tax.

**§ 49.4253-8 Exemption for terminal fa-
cilities in case of wire mileage serv-
ice.**

The taxes imposed by section 4251 do
not apply to so much of any amount
paid for wire mileage service as is paid

for, and properly attributable to, the use of any sending or receiving set or device which is station terminal equipment. In general, the term "station terminal equipment" refers to any sending or receiving set or device which is located at the terminals of a line or channel, and does not refer to any such set or device which is otherwise a part of such line or channel.

§ 49.4253-9 Exemption for certain interior communication systems.

(a) *In general.* The taxes imposed by section 4251 do not apply to amounts paid for wire mileage service or wire and equipment service, if such service is rendered through the use of an interior communication system.

(b) *Interior communication system.* The term "interior communication system" means any system:

(1) No part of which is situated off the premises of the subscriber, and which may not be connected, directly or indirectly, with any communication system any part of which is situated off the premises of the subscriber; or

(2) Which is situated exclusively in a vehicle of the subscriber and which is not connected with a communications system.

(c) *Examples.* The following are examples of interior communication systems:

(1) Burglar, fire, or other alarm service, where the service consists of lines or channels and equipment which are contained solely in the building of the subscriber, and by means of which an alarm is sounded in the building in the case of illegal entry, fire, leakage, etc.

(2) Metering services, including lines or channels and equipment, furnished between two points which are located upon the subscriber's property, and which are not separated by property not owned or leased by the subscriber, over which signals are transmitted so that the subscriber may obtain information as to a given condition at one of the points, such as water level, water pressure, gas pressure, etc.

§ 49.4253-10 Exemption for certain private communications services.

(a) *In general.* The tax imposed by section 4251 on amounts paid for general telephone service does not apply to amounts paid for any such service furnished on or after January 1, 1963, to the extent that the amounts paid are

for use of any telephone or radio telephone line or channel (including equipment, instruments, and other apparatus furnished exclusively for use in connection with the line or channel) in the conduct of a trade or business when such line or channel is furnished between specified locations in different States or between specified locations in different counties, municipalities, or similar political subdivisions of a State. The term "trade or business" as used in this section includes activities of organizations which are conducted with no purpose of gain or profit. A line or channel is considered to be furnished between specified locations only when the line or channel connects preselected points without the use of switching functions performed by a communications company exchange. Where an amount is paid which includes a charge for such a line or channel and also a charge for the service provided by means of switching functions performed by a communications company exchange, the exemption is applicable only to that portion of the amount so paid as is attributable to such a line or channel. The preselected points must be located in different States or in different counties or municipalities of the same State. If the preselected points are located in a State in which the political subdivisions are not denominated as counties or municipalities, then the preselected points must be in different political subdivisions of such State which correspond to counties or municipalities. For purposes of this paragraph the term "municipality" means the largest political subdivision of a State below the level of county or similar subdivision. For the exemption to apply, the charge for the service must be billed in writing to the person paying for the service and such person must certify in writing that the service is for use in the conduct of a trade or business.

(b) *Exemption inapplicable.* This particular exemption is not applicable in the case of taxes imposed on amounts paid for other services by section 4251, even though such services are utilized in the conduct of a trade or business.